

DEFICIT REDUCTION ACT

HOUSE-SENATE CONFERENCE AGREEMENT

LONG-TERM CARE PROVISIONS

The Deficit Reduction Act contains important reforms that will provide seniors and the disabled with better options to manage their care. These reforms will also begin to fix the existing bias in Medicaid, which has forced many individuals into institutional care, because that was the only option Medicaid would pay for.

Expanded Home and Community-Based Care:

- Under the Deficit Reduction Act, States will now be able to provide home and community-based services as an optional benefit to seniors, the disabled, persons with a developmental disability, mental retardation or a related condition.
- Coverage of these services will allow more individuals to receive better healthcare and other assistance. These services will also mean that more persons can remain in their homes, without needing to go into nursing homes.
- These reforms will help reduce spending, by allowing individuals to receive the kinds of care they want, in the settings they prefer, at prices far below what Medicaid usually pays for nursing home care.

Self-directed personal assistance services (e.g., “Cash & Counseling”):

- The Deficit Reduction Act allows more states to establish Cash & Counseling programs.
- These programs allow participants to manage the costs of their care and provide them with greater flexibility to determine how they receive their care.
- Participants can purchase eligible services and hire, fire, supervise and manage service providers who can now include spouses and parents.
- Not surprisingly, Medicaid beneficiaries who participated in Cash & Counseling programs that allowed them to manage their own care reported much higher levels of satisfaction with the care and also saw improved clinical outcomes.

Greater Access to Long-Term Care Insurance:

- The Deficit Reduction Act will allow every state may now establish a Long-Term Care Partnership program.
- Long Term Care Partnership programs allow individuals to protect a portion of their assets from Medicaid recoveries if they purchase long term care insurance.
- Currently only four states (CA, CT, IN and NY) are allowed to have these programs. By expanding access to these programs, the new law will help create incentives for people to purchase long term care insurance.
- Encouraging the purchase of long term care insurance will mean that more people will be able to pay for their own nursing care, and fewer will have to rely on Medicaid as a safety net to meet their long term care needs.